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~~Security Information~~

Comptroller

2 September 1953

Finance Division

TPAJAX

1. Reference is made to memorandum dated 31 August 1953, from the Comptroller to the Acting Deputy Director for Administration, and memorandum dated 1 September 1953, from the Acting Deputy Director for Administration to the Comptroller. Subject of both memoranda as above.

2. In accordance with Colonel White's instructions, a meeting was held with representatives of the NEA Division. Attending were Messrs. [redacted] and [redacted] for NEA, to [redacted] and the undersigned, representing the Finance Division. [redacted]ifying Officer for project TPAJAX.

3. Messrs. [redacted] were queried regarding the NEA memorandum of 29 May 1953 to the Finance Division, requesting that the latter Division record the entire [redacted] allotted to project TPAJAX as an obligation incurred entirely within the fiscal year 1953. It was their opinion that NEA had the authority to make this request, and that it would be in accordance with the understanding that [redacted] Chief, NEA, had with General Smith and Mr. Dulles as a result of their original discussions concerning this project. Messrs. [redacted] informed the undersigned that the planning for and the implementation of this project contemplated and resulted in discussions between certain Iranian Nationals and [redacted], with CIA representatives taking part. In these discussions, certain commitments were made, the satisfaction of which required the obligation of the entire allotment on a date prior to 1 July 1953. It was further stated that this particular date was only incidental and that the same action would have been taken on any other time throughout the fiscal year. You will recall that the Finance Division reported advances in the total amount of [redacted] made to this project. [redacted] informed the undersigned that an additional amount, approximately [redacted], has been expended by the [redacted] for this project and will be appearing [redacted] financial reports. This would make a total of approximately [redacted] being disbursed at headquarters and in the field. Regarding actual commitments, [redacted] states that to his knowledge about [redacted] additionally has been committed for expenditure. He stated that in his opinion, based on known facts, and what could be expected to develop, a total of [redacted] will be committed and the remaining [redacted] will probably be returned as unrequired funds out of the original approved [redacted]

4. With respect to the misunderstanding resulting in a request made upon the Bureau of the Budget for [redacted] Messrs. [redacted] were queried regarding the position of NEA and any statements which might have been made which could have led to this misunderstanding.

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They informed the undersigned that Mr. Wisner had been made aware of the fact that [REDACTED] had been approved for TPAJAX. However, since there was no direct relation between the specific objective of TPAJAX and the objective for which the [REDACTED] was approved, there was no intention to tie the two activities together in such a way as to give the impression that [REDACTED] was available against the later requirement for [REDACTED]. Apparently the misunderstanding could have been augmented by the fact that a continuing reference was made to the objective of the [REDACTED] grant as TPAJAX. [REDACTED] Mr. [REDACTED] stated that they had spoken with Mr. Wisner relative [REDACTED] approved for TPAJAX, having the knowledge that some part of this total had already been expended, more had been irrevocably committed, and that the entire amount had been obligated. They are of the opinion that Mr. Wisner was aware of these details.

5. To avoid any further confusion or possible misunderstanding as a result of associating project TPAJAX with this later developing activity, it is suggested that a cryptonym be immediately assigned by NEA for the activity for which the [REDACTED] was approved.

6. It would appear that perhaps [REDACTED] may be recalled from the original [REDACTED] approved, notwithstanding the obligation by NEA Division of the entire amount. However, [REDACTED] strongly urges that before taking this action inquiries be directed to the field to determine exactly what amounts have been disbursed by them and what amounts have been committed for which funds must remain available.

7. Regarding the questionable obligation of the [REDACTED] it is the opinion of the Finance Division that the request of the Chief, NEA, to take this action was a statement by him that the funds had actually been committed and irrevocably obligated. It is the further opinion of the Finance Division that this request constituted a legal, obligating instrument and that it would have to be honored in the absence of information indicating it to be an invalid action.

8. At the instruction of the Acting Deputy Director for Administration, there is attached hereto a draft of a proposed memorandum to the Director, for signature of the Acting Deputy Director for Administration and concurrence of the Deputy Director for Plans.

[REDACTED]
Chief, Monetary Branch

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